



TOM TINDALL
Director

County of Los Angeles
INTERNAL SERVICES DEPARTMENT

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Los Angeles, California 90063

"To enrich lives through effective and caring service"

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January 15, 2013

The Honorable Board of Supervisors
County of Los Angeles
383 Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, California 90012

ADOPTED

BOARD OF SUPERVISORS
COUNTY OF LOS ANGELES

14 January 15, 2013

Sachi A. Hamai
SACHI A. HAMAI
EXECUTIVE OFFICER

Dear Supervisors:

**CONTINUATION OF COUNTY AMERICAN RECOVERY AND
REINVESTMENT ACT (ARRA) PROGRAMS UNDER
CALIFORNIA PUBLIC UTILITIES COMMISSION 2013-2014
ENERGY EFFICIENCY PROGRAM AND APPROVE APPROPRIATION ADJUSTMENT
(4 VOTES) (ALL DISTRICTS)**

SUBJECT

Request approval to accept funding from the California Public Utilities Commission (Commission) to continue programs initiated by the County under ARRA and Commission funding and execute agreements with Southern California Edison (Edison) and Southern California Gas Company (Gas Company) to receive the funding, and request approval of the associated appropriation adjustment.

IT IS RECOMMENDED THAT THE BOARD:

1. Authorize the Director of Internal Services Department (ISD) or his designee to negotiate and execute an agreement or agreements with Edison and the Gas Company that provide \$44.8 million in 2013-2014 Commission Energy Efficiency Program funds to continue administration and implementation of the County's successful ARRA and Commission programs. The agreement(s) will be effective for calendar years 2013 and 2014, but may extend beyond 2014 if ordered by the Commission.
2. Delegate authority to the Director of ISD or his designee to approve any required time extensions, modifications, or amendments to the agreements, and execute all required documents with Edison and the Gas Company.
3. Delegate authority to the Director of ISD or his designee to enter into memoranda of

understanding with other public entities as may be necessary or desirable to support administration or implementation of any of the energy efficiency programs.

4. Approve an appropriation adjustment of \$10.0 million under the Utilities Fiscal Year (FY) 2012-13 operating budget.

5. Find that approval of these actions is categorically exempt pursuant to the provisions of the California Environmental Quality Act (CEQA).

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

ISD Background – ARRA and Commission Programs Development

In September 2009, your Board approved the creation of the County Office of Sustainability within ISD to respond to legislation, regulation, and policy related to climate change, and to coordinate energy efficiency, conservation, and sustainability programs within the County and the region. Subsequently your Board directed ISD to represent the County in applying for ARRA grants administered through the Department of Energy (DOE) and State energy agencies. As a result, ISD has received over \$65 million in ARRA funding for programs primarily within the County, but also throughout southern California and other parts of the State where the County, through ISD, serves as the lead grant administrator for statewide and regional collaborations.

Much of these grant funds have been designated to develop, implement, and administer Energy Upgrade California in Los Angeles County (EUCLA), a public-facing energy efficiency program that provides homeowners with education, rebates and financing to offset the cost of energy efficiency upgrades to their homes. The County is working with the local investor-owned and public utilities, Councils of Government and individual cities within the County, workforce development entities, contractors, and other stakeholder groups to ensure the success of EUCLA. ISD oversees marketing, public outreach, participant recruitment, workforce development, and incentive and financing administration efforts associated with EUCLA. ISD has also developed a number of other financing programs to serve other customer segments. Many of these programs will be continued using the 2013-2014 Energy Efficiency Program Funds.

Additionally, using ARRA and Commission funding, ISD has created, as a pilot, a southern California regional energy office, which provides technical assistance to other local jurisdictions to implement more energy efficiency projects in their buildings. This technical support includes: technical audits, procurement and contracting support, aggregated purchasing programs, private financing and use of ISD's Enterprise Energy Management Information System (EEMIS). ISD has also used ARRA funding to develop region-wide programs under the Los Angeles Regional Collaborative for Climate Action and Sustainability. Support for these programs will also be continued using the 2013-2014 Energy Efficiency Program Funds.

CPUC Decision on 2013-2014 Energy Efficiency Programs

On November 15, 2012, the Commission adopted its Final Decision Approving 2013-2014 Energy Efficiency Programs and Budgets (Decision), which provides funding for investor-owned utilities and other energy efficiency programs. The Decision authorizes \$44.8 million to continue support for the County-initiated ARRA and Commission programs described above. Approximately \$35.8 million will be provided from Edison and approximately \$9 million will be provided from the Gas Company, through an agreement or agreements described in Recommendation No. 1, above.

A complete list of the programs to be funded is included as Attachment A.

In order to leverage ARRA investments in energy programs throughout the State and existing regional program infrastructure, and to maximize growing expertise in local governments, the Commission directed that groups of regional, local governments could be represented within proposals under the 2013-2014 Energy Efficiency Program proceeding for program funding. In response to this directive, ISD submitted a proposal that would continue the County's ARRA and Commission programs on a broader, regional basis. This proposal would leverage the County's relationships and agreements with other jurisdictions for certain programs and would expand other programs to other jurisdictions within Edison and Gas Company service territories.

The Decision directed that these multi-jurisdictional programs would be called Regional Energy Networks (RENs). In accordance with this direction, ISD's proposed program was named the Southern California Regional Energy Network (SoCalREN). Funds will flow through Edison and the Gas Company to the County under the agreement(s). ISD will act as the agreement administrator with the utilities, and will be responsible for providing required program reporting to the Commission. The utilities will act as fiscal and agreement managers on behalf of the Commission. Much of the implementation work will be conducted by the consultant team that ISD has previously engaged to run programs using ARRA funding. ISD will create a regional Advisory Committee that will provide guidance and feedback on the operation of the programs. ISD will serve as the Chair of the Advisory Committee. Further details on these roles and responsibilities, as directed in the Decision, are described under "Facts and Provisions/Legal Requirements," below.

Implementation of Strategic Plan Goals

These actions support Goal 1, Operational Effectiveness, by obtaining external funding to promote environmentally responsible practices. These actions also support Goal 3, Community and Municipal Services, by providing a program that promotes energy efficiency and conservation, and enhances health and sustainable practices in the County.

FISCAL IMPACT/FINANCING

Due to the timing for the receipt of this funding, the Countywide Utilities' FY 2012-13 Budget does not include funding to implement the FY 2012-13 portion of the funded activities. As a result, ISD requests that your Board approve an Appropriation Adjustment (Attachment B) to increase the budget by \$10.0 million (\$9.0 million in Services and Supplies and \$1.0 million in Other Charges) to reflect this funding. The \$10.0 million includes immediate funding of loan loss reserves for a residential financing program, receipt of incentives for the EUC upgrade program, and other program costs. ISD will request additional appropriation in its FY 2013-14 budget request.

There will be no impact to the County General Fund. Requests for activities beyond FY 2013-14 will be included in the annual budget request.

ISD will use approximately 10% of the funding for staff to administer the agreements with Edison and the Gas Company and to help administer and implement the programs. Staff salaries will be offset by revenues from the Commission funds. A large majority of the funding will be used to continue implementation of existing programs administered by ISD which utilize incentives, financing reserves, workforce training, marketing, education, outreach and technical support. Funding will not be distributed to other jurisdictions to create duplicate programs. Where funding may be distributed

to other jurisdictions for program promotion or sub-regional coordination, ISD will execute Memoranda of Understanding or sub-agreements with those jurisdictions to disburse the funds. This is the model ISD has used in its role as the lead Agency for Statewide ARRA grant funds (Department of Energy Better Buildings Program) and under existing Commission and ARRA funded, regional energy office work which supports other jurisdictions.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

On May 10, 2012 the Commission adopted Decision (D.) 12-05-015 which provided guidance on policies and programs for energy efficiency programs for 2013-2014 (calendar years). In addition to requiring program proposals from the IOUs, the Decision also invited proposals for regional energy networks (RENs) from groups of local governments. The Commission, in allowing REN proposals, stated the following in recognizing enhanced local government roles in energy programs and in inviting the proposals:

“Since local governments began implementing utility energy efficiency programs in 2004, many have become experienced in the energy efficiency field either through their implementation of utility programs or independent efforts initiated at the local level. Local governments have had access to additional funding sources such as federal Community Development Block Grants and Neighborhood Stabilization Programs, and state American Recovery and Reinvestment Act funding (i.e., Energy Efficiency Conservation Block Grants, Weatherization Assistance Programs, and Energy Technology Assistance Programs). Local programs have also contributed to financing efforts such as Energy Efficiency and Renewable Energy Financing Districts.”

“As evidenced by several local government-implemented energy efficiency program evaluations, many local governments are better positioned to administer energy efficiency programs than they were seven years ago. While there is still a wide variation of success among local governments, we find it reasonable that more successful local governments can serve as examples to less experienced local governments.”

“We find the concept of local government regional pilots to be reasonable. Authorizing pilots in the 2013-2014 transition portfolio would provide local governments the opportunity to develop a track record. We anticipate that the 2013-2014 programs would lead to a series of lessons learned on the appropriate level of local government administration of ratepayer-funded energy efficiency programs.”

In accordance with the guidance provided by the Commission for RENs, ISD submitted the SoCalREN proposal to the Commission in July of 2012. The scope of the SoCalREN proposal was to continue successful programs initiated by ISD using ARRA and Commission funding (listed in Attachment A) within the County and in other jurisdictions outside the County but within Edison and Gas Company service territories. Detailed program scopes of work, budgets, expected outcomes and energy savings projections were submitted to the Commission in September of 2012. In November of 2012, the Commission Final Decision approved two REN programs (SoCalREN and Bay Area REN (BayREN)) and stated the following regarding the Commission’s vision for these RENs.

“The REN concept invitation by the Commission represents the culmination of a number of events over the past several years, including provision of federal American Recovery and Reinvestment Act (ARRA) funding for energy efficiency purposes to local governments, which build local capacity ...”

“The vision for RENs is that they are regional, which, in the context of defining a REN, means they represent several local government entities and not just one or two. BayREN and SoCalREN represent two of the most populous regions of the state, encompassing multiple city and county governments within their structures. Similar, common-sense identifications of regions could include the Central Valley, the Sierras, the San Joaquin Valley, etc.”

The SoCalREN program was designed by ISD and will be operated and administered independent of Edison and the Gas Company. This is the energy efficiency program concept the Commission wants to test. The agreement(s) between/among ISD and Edison and the Gas Company will provide funding to ISD for the programs. The SoCalREN program is a component of the Edison and Gas Company overall energy efficiency portfolios and budgets. Regarding the relationship of SoCalREN and these utilities for the operation of the programs, the Commission stated the following:

“This does not mean, however, that RENs will be totally independent of the utilities. Many REN proposals seek to drive more customer participation in rebate or whole house programs already being offered by the utilities. Thus, they are not totally separate or independent/stand-alone propositions. All consumers will be well served if there is close coordination and cooperation between the RENs and the utilities to ensure seamless program offerings and avoid customer confusion.”

The Commission will “rely on the utilities as fiscal managers to disperse funds to RENs and conduct general management and monitoring activities in compliance with Commission directives. Thus, the RENS, will by necessity, have a contractual relationship with a utility or, in some cases, several utilities.”

The Decision directs the utilities to provide “usual fiscal and management functions, including fiscal oversight and monitoring.” Work authorized for SoCalREN by the Commission shall be outlined in “a contract that the [utilities] will be required to put in place by no later than 60 days after the issuance of this Decision.” Based on this, Edison and the Gas Company were instructed to execute contracts with the County no later than January 14, 2013. The utilities will obtain authority from the Commission to execute the agreements after January 14, 2013, to accommodate their protocols and timelines for contract negotiations and approval.

ENVIRONMENTAL DOCUMENTATION

The scope of work in these programs and proposed agreements meet the criteria set forth in Section 15308 of the State CEQA Guidelines and Class 8 of the County's Environmental Document Reporting Procedures and Guidelines, Appendix G, in that it is an action taken by a regulatory agency, as authorized by State law, to assure the maintenance, restoration, enhancement, or protection of the environment where the regulatory process involves procedures for protection of the environment.

The scope of work is within a class of projects that has been determined not to have a significant effect on the environment. In addition, there are no cumulative impacts, unusual circumstances, or other limiting factors that would make the exemption inapplicable based on the project records. Upon approval by your Board, ISD will file a Notice of Exemption with the County Clerk in accordance with Section 15062 of the State CEQA Guidelines.

CONTRACTING PROCESS

The agreement or agreements with Edison and the Gas Company will be developed by ISD to define the scope of work, deliverables and other terms and conditions for the administration and implementation of existing County ARRA and Commission funded programs within the County and throughout the southern California region. ISD seeks delegated authority from your Board to negotiate and execute the agreement(s), as well as any subsequent amendments, subject to approval as to form by County Counsel.

ISD, with input from County Counsel and CEO Risk Management, will work with the utilities to develop the agreements. Negotiations indicate that the final agreement will include mutual indemnification language. ISD will work closely with County Counsel on the final agreement language.

Under the agreement(s), and consistent with Commission instruction, ISD will serve as the program administrator for the programs summarized below and described with more detail in the accompany Attachment A:

1. SoCalREN Finance Programs. The County will continue a program that finances Energy Upgrade California (EUC) upgrades, or other measures approved by the Commission, targeted to single-family homes in Edison and/or Gas Company service territories, as well as expand the program to multi-family residences. The County's Property Assessed Clean Energy (PACE) financing program will be promoted with this funding as will a public agency building energy upgrade financing program developed in 2012 using Commission funding.
2. Energy Upgrade California (EUC) Program. This program is for residential retrofits to improve energy savings potential. The program will cover single family and multi-family upgrades incentives, contractor training and outreach, and green building certification development and promotion.
3. SoCalREC (Southern California Regional Energy Center). This is to expand a program that began as a local government pilot project launched by Los Angeles County and other jurisdictions to demonstrate the effectiveness of cities, counties and local government partnerships in working regionally to facilitate and increase energy efficiency projects in local government facilities throughout Southern California.

ISD will implement the programs and work using contractors and consultants under the Energy Support Services Master Agreement.

IMPACT ON CURRENT SERVICES (OR PROJECTS)

Approval of these actions will facilitate continuing and more widespread implementation of the energy programs initiated by the County using ARRA and past Commission funds. These programs will reduce greenhouse gases, reduce total energy use and improve energy efficiency throughout the County in a cohesive and comprehensive manner. Use of these additional funds will help expand programs throughout the region and will help the State achieve its goal of creating substantial, sustainable, and measurable energy savings, green jobs and economic stimulus benefits.

CONCLUSION

Acceptance of these funds will continue and grow the County's leadership role in the State's immediate and longer term objectives towards development of a sustainable, clean-energy economy.

The Executive Office of the Board of Supervisors is requested to return one stamped copy of the approved Board letter to the Director of ISD.

Respectfully submitted,

A handwritten signature in dark ink that reads "Tom Tindall". The signature is written in a cursive, slightly slanted style.

TOM TINDALL

Director

TT: HC: AR

Enclosures

c: Chief Executive Officer
Executive Office, Board of Supervisors
County Counsel

ATTACHMENT A

Southern California Regional Energy Network Scope of Work and Budgets

SoCalREN Administration		
SoCalREN Marketing, Education, Outreach	Promote SoCalREC services to other public agencies.	\$0.5M
SoCalREN Administration, Governance, Management	Administer SoCalREN program with CPUC/IOUs; manage SoCalREN Advisory Committee, coordinate stakeholders and participants.	\$1.3M
Energy Upgrade California		
Residential Upgrade Incentives	Continue ARRA Flex Path Incentives and Modified Basic Path Incentives for single-family, residential properties.	\$4.6M
Local Marketing and Outreach	Continue Energy Upgrade California local marketing and outreach programs, home audit incentives, home assessment vouchers, and third-party referral incentives (Energy Champions).	\$2.6M
Contractor Outreach and Training	Continue HVAC Contractor incentive program, contractor training and contractor co-operative marketing.	\$1.0M
Green Building Labeling	Continue realtor training, assessment incentives, homeowner education and outreach on residential green building labels.	\$2.0M
Workforce Training	Pilot workforce training program targeting organized labor hiring opportunities for disadvantaged workers in non-residential building upgrade sectors.	\$0.3M
Low Income Retrofits	Pilot program to integrate EUC projects into County Public Housing Authority's residential rehabilitation program and train low-income rehabilitation contractors.	\$0.7M
Multi-Family Upgrade Incentives	Continue multi-family building assessment and upgrade incentives.	\$9.5M
Financing Programs		
Single-Family Loan Loss Reserve	Expand single-family residential loan program (Matador's Credit Union) to other jurisdictions and include additional upgrade measures for financing.	\$3.5M
Multi-Family Loan Loss Reserve	Develop pilot program to provide financing for multi-family upgrade projects.	\$1.5M
Non-Residential PACE	Provide marketing, education, outreach, program development and technical support to PACE programs. Does not include debt-service reserve support.	\$1.4M
Public Building Loan Loss Reserve	Provide marketing, education, outreach and technical support for private financing program available to all public agency building projects. Does not include loan loss reserve support.	\$0.2M
Public Agency Revolving Loan Fund	Provide education and technical support to public agencies on development of internal revolving loan fund programs (e.g., ISD's Energy Financing Program). Seek other loan fund "seed" funding sources.	\$0.5M

ATTACHMENT A

Southern California Regional Energy Network Scope of Work and Budgets

Southern California Regional Energy Center (SoCalREC)		
Aggregated Regional Procurement Program	Provide centralized, aggregated technical support for public agency energy managers to identify, specify and procure retrofit equipment and services.	\$6.4M
Public Building Projects Technical Support	Provide technical and EEMIS services to other public building energy managers.	\$6.5M
Regional Climate Action Plan Support	Continue L.A. Regional Collaborative for Climate Action and Sustainability (LARC) support for regional Climate Action Plan and Adaptation Study.	\$0.8M
Water Utilities Energy Program	Provide energy efficiency support for municipal water utilities' buildings; assess pilot, water/energy efficiency incentive programs.	\$0.3M
Regional Permit Office Energy Project	Expand pilot program which tracks energy efficiency projects within municipal building permitting systems.	\$0.7M
Non-Residential Workforce Training Pilot	Develop pilot training program for disadvantaged workers entry into non-residential energy efficiency retrofit markets.	\$0.3M

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BA FORM 09/09

BOARD OF
SUPERVISORS
OFFICIAL COPY

COUNTY OF LOS ANGELES

REQUEST FOR APPROPRIATION ADJUSTMENT

DEPARTMENT OF INTERNAL SERVICES DEPARTMENT

DEPT'S.
NO. 300

January 15, 2013

AUDITOR-CONTROLLER:

THE FOLLOWING APPROPRIATION ADJUSTMENT IS DEEMED NECESSARY BY THIS DEPARTMENT. PLEASE CONFIRM THE ACCOUNTING ENTRIES AND AVAILABLE BALANCES AND FORWARD TO THE CHIEF EXECUTIVE OFFICER FOR HIS RECOMMENDATION OR ACTION.

ADJUSTMENT REQUESTED AND REASONS THEREFOR

FY 2012-13

4 - VOTES

SOURCES

COUNTYWIDE UTILITIES
A01-IS-88-8831-12460
STATE-OTHER
INCREASE REVENUE \$10,000,000

USES

COUNTYWIDE UTILITIES
A01-IS-2000-12460
SERVICES AND SUPPLIES
INCREASE APPROPRIATION \$ 9,000,000

A01-IS-5500-12460
OTHER CHARGES
INCREASE APPROPRIATION \$ 1,000,000


SOURCES TOTAL: \$ 10,000,000

USES TOTAL: \$ 10,000,000

JUSTIFICATION

Reflects an increase in appropriation to continue American Recovery and Reinvestment Act (ARRA) and California Public Utilities Commission (CPUC) programs, which will be fully reimbursed by CPUC resulting in no impact on net County cost.

ADOPTED
BOARD OF SUPERVISORS
COUNTY OF LOS ANGELES


AUTHORIZED SIGNATURE [Calvin Sec, Finance Manager]

BOARD OF SUPERVISOR'S APPROVAL (AS REQUESTED/REVISED)

14

JAN 15 2013

Sachi A. Hamai
SACHI A. HAMAI
EXECUTIVE OFFICER

REFERRED TO THE CHIEF
EXECUTIVE OFFICER FOR ---☐ ACTION☒ RECOMMENDATION

AUDITOR-CONTROLLER

BY

Karen Shukuma

B.A. NO. 060

Jan 2 20 13

☒ APPROVED AS REQUESTED☐ APPROVED AS REVISED

CHIEF EXECUTIVE OFFICER

BY

S. Kibhawq
William Fuyokg

Jan 2, 20 13

SEND 6 COPIES TO THE AUDITOR-CONTROLLER